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SUPPLEMENT TO  
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- Chief  
Deputy Chief  
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Personnel Section  
Accounting  
Inspection and Instruction  
Taxation, VEB enterprises  
Taxation, private enterprises  
Taxation, personal income  
Taxation, transaction  
Price Administration  
Central Finance Court

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CENTRAL INTELLIGENCE AGENCY

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6. Director Dewey of the Deutsche Notenbank board disclosed in a conversation with several officials of the DDR Ministry of Finance that the Soviet finance officer withdraws roughly DM 50,000,000 in cash from the bank each month. In the bank accounting, about 25 percent of this sum is charged to the DDR budget, while 75 percent is charged to reparations. When one member of the group remarked that this was a rather large sum to be required in cash for occupation expenses, Dewey replied that between DM 55,000,000 and DM 60,000,000 went to Wismut A.G. each month for payment of salaries and wages.
7. According to the DDR Law of 8 September 1950, providing for the payment of old bank balances to the aged and physically handicapped, some DM 145,000,000 have been disbursed by the Deutsche Notenbank to agencies of the DDR. The bank is now asking that this money be paid out of the DDR annual budget. The budget committee has so far refused to accept this responsibility.
8. During the year 1950, the DDR budget provided for a sum of roughly DM 1,000,000,000 to cover in part the difference arising out of the currency reform at the official rate of 10 to 1 and the rate of 1 to 1 for funds converted by the GMA, SED, FDGB, VEBs, etc. The balance of DM 60,000,000 should come out of the 1951 budget. DM 20,000,000 has already been paid. The budget for 1951 can ill afford this added strain, but the SKK is insisting that this difference be cleared up during the present year so that the currency of the DDR may be completely covered.
9. The proposed credit plan for the first quarter of 1951 provides for a total of DM 4,633,000,000 in short term credits as against DM 3,960,000,000 for the fourth quarter of 1950. Both the Ministry of Finance and the Deutsche Notenbank have opposed credit expansion to that extent, on the grounds that between five and six hundred million of previously granted short term credits have not been repaid and have had to be carried on special accounts by the Notenbank. The increase of nearly DM 700,000,000 in needed short term credits possibly indicates that DDR industry is less capable at present of financing its own business than it was in 1950.
10. The proposed investment plan for 1951 envisages a sum of DM 3,800,000,000. It is apportioned roughly as follows:
 

DDR and Zonal VEBs	DM 2,300,000,000
Soviet stock companies	200,000,000
The five Länder	700,000,000
Special projects	500,000,000
Reserves	100,000,000
11. On 1 March 1951, the HO had short term obligations to the Deutsche Notenbank amounting to about DM 260,000,000. At present, the HO is unable to reduce this obligation to any extent, because it is loaded with heavy inventories of industrial goods whose turnover has virtually ceased. This lack of sales activity is attributed to the increasing currency scarcity throughout the DDR and to the unattractive quality of HO merchandise.
12. In the month of February 1951, gross sales of the HO in Berlin amounted to DM 73,000,000. It is estimated that between 60 and 70 percent of sales were made to West Berlin citizens.

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